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REPORT

OF

COMMITTEE APPOINTED

BY

HALIFAX MERCHANTS' TAX REFORM  
ASSOCIATION

IN RE ASSESSMENT.

HALIFAX, N. S. NOVEMBER 30TH, 1891.

HALIFAX, N. S.:

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## MERCHANTS' TAX REFORM ASSOCIATION OF HALIFAX :

GENTLEMEN,—

Your sub-committee, appointed at the meeting of the Association held 6th November instant, to prepare a plan for the reform of the law regulating taxation in the City of Halifax, beg to report as follows :—

The grievance, the redress of which is the aim of the Association, is the taxation imposed in Halifax upon personal property. The law respecting the assessment and taxation of personal property is practically the same to-day as it was at the first incorporation of the city in 1842. That respecting real estate was reformed by the Act of 1883, which now, with various amendments, constitutes the City Assessment Act, and forms paragraphs 290 to 420 of the Amended Charter passed in the present year.

By the law as it now stands, all real and personal property situated within the city at the time of the assessment (with certain exemptions) is assessed at the same time, in the same way, and by an equal rate. The tax so imposed constitutes a first lien or charge upon both descriptions of property. Sec. 306 of the Charter defines what is personal property, and reads as follows :—

“ Under the term personal property shall be included all  
“ household furniture, moneys, goods, chattels, wares, mer-  
“ chandize and effects, wheresoever situate within the city,  
“ owned by any citizen, company or corporation, and all ships

" and vessels shall be assessed at half their value; and when-  
 " ever assessment is made on shipping, it shall be assessed on  
 " the owner or owners of any ship or vessel, or shares in ships  
 " or vessels, in the ward in which he or they severally reside,  
 " irrespective of the place or port in which said ships or vessels  
 " may be registered. The term personal property shall also  
 " include all moneys belonging to the inhabitants of the city,  
 " invested in public or private securities within the city; and  
 " all bullion and coin of gold and silver, all Dominion notes,  
 " and notes of solvent banks, in the province or elsewhere,  
 " which may be in the possession and the property of any  
 " citizen, or in the custody of a bank, or other party, except  
 " money deposited on deposit receipts, shall be considered as  
 " his moneys, and be assessed accordingly.

The bulk of the property assessed under this law is made  
 up of the stocks of merchandize carried by merchants doing  
 business in the city, and by the machinery and other plant,  
 and stock of manufactured goods, of persons engaged in man-  
 ufactures. Household furniture is assessed and taxed very  
 lightly. Money, in all the forms enumerated in the section,  
 practically escapes taxation altogether, and it would clearly  
 be impossible to subject it to taxation, so difficult is it of dis-  
 covery, and so easy is it to remove it out of reach at the time  
 of assessment. But the personal property of merchants and  
 manufacturers cannot so escape, and is consequently in most  
 instances assessed and taxed to the full value. Out of a total  
 assessment on personal property of \$4,617,000, no less than  
 \$3,517,000 is comprised under the two classes which we have  
 specified. That this latter sum is an amount altogether out  
 of proportion to the total amount of personal property within  
 the city and liable to assessment, no one at all acquainted with  
 the city can doubt. Practically the Merchants and Manufac-  
 turers of the city are bearing the burden of the assessment on  
 personal property.

This burden is one which is becoming daily more onerous.  
 In former times it could be borne without much inconvenience.  
 Methods of doing business were then entirely different. The  
 situation has been completely changed by railways, steamships



and telegraphs. In former times, Halifax, like other cities, had its distinct territory, over which her trade extended, and in which she had practically no competitors. The people who bought goods from her were compelled to pay her price or go without, and whatever taxation was imposed by the city upon those goods could be included in the price and thus laid upon the consumer.

These conditions of trade are now, we need not point out, things of the past. Railways, steamships and telegraphs have brought cities into competition with one another in a way formerly undreamed of. There is not a foot of territory in which Halifax merchants have not to-day to encounter the keenest competition from the merchants of Montreal and other Canadian cities, and in recent years British wholesale houses have, through agencies established here, themselves entered into direct competition with us, and by means of telegraphs and steamships can quote prices and fill orders with almost as great rapidity as one of our own houses. Trade is done now-a-days on a much smaller margin of profit than formerly. It is no longer possible in the face of such competition to make up any additional burden of taxation by an addition to the price of the goods, and the question of comparative taxation becomes one of the first importance. The manner in which our taxation of personal property operates against our merchants can be most easily illustrated by the figures of a few comparisons :

|                                                     |           |
|-----------------------------------------------------|-----------|
| 1. Merchants doing business in premises assessed    |           |
| at \$20,000, at \$1.50 .....                        | \$ 300 00 |
| Stock, \$80,000, at \$1.50 .....                    | 1200 00   |
|                                                     | <hr/>     |
|                                                     | \$1500 00 |
| Agent of English house doing business here of       |           |
| equal volume :                                      |           |
| Office and Sample Rooms, say \$10,000, at \$1.50 .. | \$150 00  |
| Office furniture and samples assessed at \$4000,    |           |
| at \$1.50 .....                                     | 60 00     |
|                                                     | <hr/>     |
|                                                     | \$210 00  |
| Discrimination against Halifax Merchant.....        | \$1290 00 |

2. Two shops side by side on Granville Street doing different kinds of business but making equal profits :

|                                                                                         |          |
|-----------------------------------------------------------------------------------------|----------|
| Shop No. 1.—Business requiring large stock to be carried, say \$25,000, at \$1.50 ..... | \$375 00 |
| Shop No. 2.—Small stock, say \$5000.00, at \$1.50, .....                                | 75 00    |

Difference in case of these two equal businesses, \$300 00

3. Halifax Manufacturer :

|                                                               |          |
|---------------------------------------------------------------|----------|
| Real Estate, factory offices, etc., \$30,000 at \$1.50, ..... | \$450 00 |
| Machinery, \$20,000 .....                                     | 300 00   |
| Stock, \$10,000 .....                                         | 150 00   |
|                                                               | <hr/>    |
|                                                               | \$900 00 |

Agent of Montreal House in same line :

|                                                    |          |
|----------------------------------------------------|----------|
| Offices and Sample Rooms, \$10,000, at \$1.50 .... | \$150 00 |
| Samples and furniture, \$1000 .....                | 15 00    |
|                                                    | <hr/>    |
|                                                    | \$165 00 |

Difference against Halifax Manufacturer ..... \$735 00

The merchants and manufacturers of the city feel that in this unfair and heavy discrimination against them made by the laws of their own city they have a grievance which should be remedied, if a remedy can be found.

That remedy, your Committee believe, can only be found in the entire abolition of all taxation on personal property. By the law, as it stands, taxes are not imposed on the great mass of personal property,—mortgages are exempt, so are stocks and shares in incorporated companies. Debentures and bonds are not assessed ; no assessor could discover them. Book debts, promissory notes and money escape in the same way. In practice it is only the stock of the merchant and manufacturer which is unable to escape. Moreover, as between two merchants or manufacturers, both engaged in the same business in the city, the present law may and does make the most unfair discriminations. One man's goods may happen to be on his premises at the time of assessment and are taxed, his neighbour may be lucky enough to have not laid in his stock or to have

sold out, or even to have temporarily transferred it, and consequently escapes. One man's property may be in the city for eleven months and yet escape, that of another may be so unfortunate as to be here only on the day on which the assessors make their visit and is taxed. In innumerable ways the operation of the law makes similar unfair discriminations. A law which operates so unfairly is surely self-condemned.

The inequality and injustice of all taxation upon personal property is no new matter of complaint. It was proved in 1880 by Mr. Fyshe in his letters more fully than can be done in this report. It has been a subject of comment in nearly every report made by the various Commissions in the United States appointed to consider the subject of taxation. Mr. Bryce, *American Commonwealth*, Vol. 1, page 493, says :—

“ A still more serious evil is the fact that so large a part of taxable property escapes taxation. Lands and houses cannot be concealed ; cattle and furniture can be discovered by a zealous tax officer. But a great part, often far the largest part of a rich man's wealth, consists in what the Americans call ‘ intangible property,’ notes, bonds, book debts, and western mortgages. At this it is practically impossible to get, except through the declaration of the owner ; and though the owner is required to present his declaration of taxable property upon oath, he is apt to omit this kind of property. The Connecticut Commissioners report that the proportion of these intangible securities to other taxable property has steadily declined from year to year. In 1855 it was nearly 10 per cent. of the whole, in 1865 about  $7\frac{1}{2}$  per cent., in 1875 a little over 5 per cent., and in 1885 about  $3\frac{3}{4}$  per cent. Yet during the generation covered by these statistics the amount of state, railroad and municipal bonds, and of western mortgage loans has very greatly increased, and our citizens have, in every town in the State, invested large sums in them. Why then do so few get into the tax list ? The terms of the law are plain, and the penalties for its infringement are probably as stringent as the people will bear. The truth is that no system of tax laws can ever reach directly the great mass of intangible property. It is not to be seen, and its possession, if not voluntarily disclosed, can in most cases be only the subject of conjecture. The people also in a free

“government are accustomed to reason for themselves as to the justice and validity of the laws, and too apt to give themselves the benefit of the doubt when they have in any way the power to construe it for themselves. Such a power is practically given in the form of oath used in connection with our tax lists, since it refers only to such property of the parties giving them in as is taxable according to their best knowledge, remembrance, or belief. The man who does not believe that a western farm loan or foreign railroad bond (i. e., bond of a company outside the State) ought to be taxed is too often ready to swear that to the best of his belief it is not liable to taxation. As the law stands, it may be a burden on the conscience of many, but it is a burden on the property of few, not because there are few who ought to pay, but because there are few who can be made to pay. Bonds and notes held by an individual are for the most part concealed from the assessors, nor do they in most towns make much effort to ascertain their existence. The result is that a few towns, a few estates, and a few persons of a high sense of honesty, bear the entire weight of the tax. Such has been the universal result of similar laws elsewhere.”

The West Virginia Commission, in their report in 1884, express themselves as follows :—

“At present all taxes from invisible property come from a few conspicuously conscientious citizens, from widows, executors, and from guardians of the insane and infants; in fact, it is a comparatively rare thing to find a shrewd trader who gives in any considerable amount of notes, stocks or money. The truth is, things have come to such a condition in West Virginia that, as regards paying taxes on this kind of property, it is almost as voluntary and is considered pretty much in the same light as donations to the neighborhood, church, or Sunday school.”

An enormous mass of evidence, all of the same character, could easily be accumulated if there were any doubt upon the matter.

That a tax which practically operates as a tax upon capital employed in business in Halifax would result injuriously to real estate by tending to drive capital to seek employment elsewhere is no more than might have been anticipated, and



specific instances have been brought to the notice of your Committee in which persons who had fully intended to engage in manufacturing in Halifax were deterred from doing so by the fact that their manufacturing plant would be taxed, and have accordingly invested their capital in other cities, more just and liberal in their treatment.

We do not think it can be denied by anyone who has at all studied the subject that the present system of taxation on personal property in Halifax is ineffective, inasmuch as it does not reach the great bulk of the property intended to be assessed under it, that it is productive of gross inequality and injustice, that it is practically effective only in taxing the capital of those traders and manufacturers whose business is of such a character as to expose their property to the assessor, and that such taxation operates as a most weighty handicap upon our merchants and manufacturers in the keen competition which they are now called upon to meet.

All this will be admitted almost without question, but the practical difficulty begins when a better system is sought.

An income tax was at first thought of, but upon inquiry your Committee were not able to ascertain that such a tax gave satisfaction or produced good results in any place where it was imposed. In the very full report of the Commission on Taxation, appointed in 1889, in the State of Maine, it is referred to as follows:—

“In practice it is almost universally a failure. In theory, it seems just that a person should be taxed upon the net yield of his occupation or investments, the best gauge of his taxable ability, but in the levying of such a tax it has always been found that art, subterfuge, evasion, and downright perjury have rendered the system inefficient and futile. To tax capital, property, lands, and also the income arising from their employment, is intolerable as double taxation; to exempt such property, and rely on the income from them alone, leaves open a hundred ways for evasion, and is open to grave objections as being in conflict with the constitutional provision requiring that all property shall be taxed according to its just value. It has been tried in several states, but

"has proved unsatisfactory in all, and it is a potent argument against this form of taxation, that in the efforts that have been made in most states of the Union, during the past ten years, to find new sources of revenue, there has been so little disposition to resort to income taxes."

In theory it is not easy to see why a city or other municipality should have the right of taxing the income of its citizens merely because they are citizens, and although every dollar of that income may be derived from property outside of the city, and already paying taxes in the places where it is situated. The objections to an income tax, both in theory and in practise, seemed so great, that your Committee unanimously decided not to recommend its adoption.

After an extended inquiry into the tax systems of other cities, your Committee have concluded that the one in force in Montreal is best suited to this city for several reasons,—

1. Because it appears to be based upon an intelligible, correct, and just principle.
2. Because it gives general satisfaction.
3. Because it is easily worked both in respect of assessment and collection.
4. Because as Montreal is our chief competitor in trade, it is desirable that our merchants and manufacturers should be placed so far as possible upon an equality of conditions with those of that city.

The Montreal system may thus be described:

There is first a tax upon all real estate within the city which must not exceed one and a quarter per cent.

Second,—Every person, firm, or corporation doing business within the city must pay for the privilege of so doing business by what is called a "business tax." This is based upon the yearly rental of the premises in which the business is done, and must not exceed seven and a half per cent. upon such rental. In case the business is not carried on in rented premises, then the rent or annual value is to be estimated by the assessor.

Third,—In the case of a number of occupations which from their character could not be fully and fairly or at all reached by the "business tax," the Council is empowered to impose a "special tax" in the nature of a license. These businesses or occupations are all specified in the charter of the city. The amounts of "special tax" are in some cases fixed by the charter, but in most instances are left to be determined by by-law of the Council.

This system modified to suit the requirements of Halifax, your Committee has decided to recommend.

In order to prevent an unfair share of the burden being thrown upon real estate, it is necessary that the maximum rate upon it should be fixed. In Montreal it is so fixed at one and a quarter per cent. upon its actual cash value. The present rate in Halifax is \$1.45 per cent. Your Committee recommend that the rate on real estate be fixed not to exceed \$1.50. But while that is the maximum they hope that under the proposed system the present rate would not be exceeded and might very probably be reduced. The Committee have made careful inquiries as to the amount and value of property now occupied by persons engaged in business with a view to fixing a maximum rate of business tax. As the result of these inquiries, your Committee have concluded that a maximum rate of ten per cent. upon the annual rent or yearly value will be sufficient.

In regard to special taxes, your Committee has thought it best to follow the example of Montreal by fixing the tax upon a few of the more important subjects of taxation by the act itself, and leaving the regulation of the others to the Council under a general provision in the charter enabling that body to deal with the subject by by-law subject to the approval of the Governor-in-Council.

One question is inevitable, will the city be able to derive a sufficient income from the proposed system? Your Committee have carefully considered that phase of the subject, and have no hesitation in answering it in the affirmative. The city at

present derives a revenue from taxation of about \$315,000, of which \$65,000 is from personal property,—that sum would be more than made up by the proposed business tax and special taxes. A statement in detail of the working of the two systems is given in one of the schedules to this report.

So much toward the successful working of the proposed system depends upon a thoroughly efficient assessment office, that the Committee venture to suggest a change in that department of the city. The present division of responsibility among three men is not productive of good results. Your Committee suggest that there should be one Chief Assessor, a first-class man at a good salary, with power to employ such assistance as he may require, and that he should be solely responsible to the Council for the assessment. Your Committee were astonished to find that the requirements of Sec. 299 of the City Charter, requiring the assessor to keep a complete register of all real estate within the city have never been complied with, and that there is no plan of the city in detail, except that prepared by the Fire Insurance Companies for their own use. Your Committee is decidedly of opinion that such a plan should be prepared in which the ownership of every property should be exhibited, and all transfers noted. In this connection your Committee venture the further suggestion that the adoption of what is known as the Torrens Land System, which is now in use not only throughout Australia, but in British Columbia and the North West, and is rapidly coming into use in Ontario, and by which a Registry is kept of all properties and their titles instead of our present obsolete registry of the names of parties to deeds and other conveyances, would be a reform which would greatly aid in the work of assessment as well as being a benefit in other ways. By means of a properly made plan, much of the work of assessment could be done without even leaving the office.

Your Committee have caused to be prepared a draft Act embodying the changes necessary in our present Assessment Law. It is attached hereto as the First Schedule.



The Second Schedule is a draft of a code of By-Laws regulating the special taxes which the Committee have prepared, not with any idea of usurping the functions of the City Council, but partly for the sake of completing their report, and principally to aid in making up the estimate for the comparative financial statement of the two systems.

The Third Schedule is the financial statement of the City's revenue under the two systems before referred to.

In conclusion, your Committee submit that their proposals give us a system of taxation sound and defensible in theory, and just and efficient in practical operation in place of one which is wholly incorrect in principle and most inefficient and unjust in its operation, and that the proposed system, while making no perceptible change in the taxation of the bulk of the community, including all real estate owners, would do justice to the over-taxed and struggling merchants and manufacturers, and subject to a fair taxation those classes of the community which, while enjoying all its benefits, enjoy also under the present system a practical immunity from its burdens.

All of which is respectfully submitted,

ROBERT TAYLOR,  
W. J. STEWART,  
GEOFFREY MORROW,  
A. P. SILVER,  
E. G. SMITH,  
A. E. CURREN,  
JOHN PUGH,  
H. G. BAULD,  
M. DWYER,  
F. W. BULLOCK,  
A. L. WOOD,  
A. E. JONES,  
E. G. KENNY,  
H. H. FULLER,

} Committee.

## FIRST SCHEDULE.

### DRAFT OF AMENDED ASSESSMENT ACT, CITY OF HALIFAX.

1. The city shall, in addition to the amounts by this Act, or any Act hereafter to be passed specially authorized as special assessments, have power to assess in manner as hereinafter provided, annually, such sums of money not exceeding one hundred and ten thousand dollars (\$110,000), as may be necessary to defray the expenses which are by law authorized to be incurred on behalf of the city.

2. The objects, etc. (remaining part of present section 290 unaltered).

3. The City Council shall have power to assess, as in manner hereinafter provided, in addition to the amounts authorized by section 1 to be assessed, the following sums of money (balance of section 291 unaltered).

4. (Present section 292 unaltered).

5. The Committee of Public Accounts shall prepare the yearly estimate (which shall include a sum not exceeding five per cent. thereon to provide for losses, abatements, and non-collections of rates and taxes), and shall present the same for the sanction of the City Council, who shall have power to confirm, alter, or add to the same; and after said estimates have passed the City Council the same shall, on or before the 31st day of December, be re-submitted to the Committee of Public Accounts, who shall fix the rate of taxation on real estate, and the rate of "Business Tax" for the year.

## ASSESSORS.

(Redraw sections 295-301 so as to provide one permanent Assessor, who shall have power to employ his own assistants and shall be solely responsible for the work of assessment).

## ASSESSMENT.

The City Council may, for the purpose of such assessment and taxation, annually impose the rates and taxes following:

1. An assessment on the owners of all real property within the city (not specially exempted by law), not to exceed one and one-half per cent upon the assessed value of such property, whether such real property shall be possessed, occupied or owned by individuals or by any joint stock company or corporation; and whether owned by persons resident within the city or absent therefrom. Persons seized, etc. (as in sec. 303).

2. An assessment (to be called a "business tax") on all trades, manufactures, occupations, business, arts, professions, or means of profit or livelihood which now are or may hereafter be carried on, exercised or in operation by any person or company in the city. Such business tax shall not exceed ten per cent on the annual value of the premises in which such trades, manufactures, occupations, business, arts, professions, or means of profit or livelihood are respectively carried on.

3. A special tax on pedlars and carters doing business in the city; on the owners of horses and vehicles for each and every horse and vehicle; on brokers, money lenders or commission merchants; on pawnbrokers and auctioneers; on clubs, keepers of inns, saloons or restaurants; on theatres, circuses, menageries and minstrels, and on all public places of amusement kept open for profit; on billiard tables, cippi or pigeon-hole tables, ten-pin alleys, and other similar games; and on livery stable keepers.

4. A special tax of \$200 yearly upon every Fire, Marine, and Life or Accident Insurance Company doing business and taking risks within the city.

5. A special tax of \$50 yearly upon every Guarantee Company doing business and taking risks within the city.

If the same Company or Association is engaged in more than one branch of Insurance business, it shall pay a tax for each branch of its business at the rate above mentioned.

In cases where Insurance Companies are engaged in winding up their business in the City of Halifax, and are undertaking no new business, they shall not be required to pay such special tax.

6. A special tax upon every incorporated joint stock bank whose chief place of business is situated in the City of Halifax. Such tax shall be three-eighths of one per cent on the amount of its paid up capital after deducting therefrom the assessed value of the real property possessed by it within the city. Such tax upon every other incorporated or joint stock bank doing business in the city by means of an agency or branch office shall be equal in amount to the smallest tax by this section required to be paid by any bank whose chief place of business is in the city; provided always that in the event of any bank increasing its capital for the purpose of increasing its business outside of the said city, said bank shall not be assessed in the city on such increased capital.

7. A special tax not exceeding \$4,000 upon every gas company doing business in the city.

A special tax not exceeding \$1500.00 upon every Electric Light Company doing business within the city.

A special tax of \$200.00 upon every Electric Telegraph Company doing business within the city.

A special tax of \$400.00 upon every Telephone Company doing business within the city.

A special tax of \$50.00 upon every Electric Cable Company doing business within the city.

A special tax not to exceed \$2000.00 upon every Street Railway Company doing business within the city.

8. All of such business taxes and special taxes above enumerated shall be in addition to any tax assessed in respect

of real property occupied by the persons or corporations liable to pay such business or special taxes.

9. The tax imposed in Sub-sec. 2 of Section 7, on trades, business or occupations shall be payable for every establishment of such trade, business or occupation in the city when it shall be carried on by the same person, firm, or company, in two or more distinct and separate buildings or places of business.

10. Every such special tax as aforesaid may, in the discretion of the Council, be imposed and levied in the form of a license; and thereupon such tax shall be payable annually at such time and under such conditions and restrictions as the Council may determine by by-law or ordinance, which by-law or ordinance however shall be subject to approval by the Governor-in-Council.

#### MODE OF ASSESSMENT.

11. All real property in the City of Halifax shall be assessed at its cash value at the time of assessment according to the best knowledge and discretion of the assessors, due allowance being made by the assessors in the case of properties (as in Sec. 304.)

12. The real property of partners in business shall be assessed in the name of the partnership; notice of such assessment to any one of the partners or to the agent of the firm shall be valid and binding on the firm.

13. The real property of deceased persons under the control of their executors, administrators or trustees, the separate property of married women, the property of minors and all other real property under the control of agents and trustees shall be assessed in the name of the principal person or persons ostensibly exercising control over them, but under such description as shall keep the assessment separate and distinct from any assessment on such persons in respect of property held in their own right.

14. The individual real property of a deceased person may, &c., (as in 317.)



15. The real property of a person deceased, the right or title to which is doubtful or unascertained from any cause, may be assessed, &c., (as in 318.)

16. In making the assessment on real property the assessors shall specify in the assessment roll the *bona fide* rent of such property, or if they consider that such rent does not represent or is disproportionate to the annual value of such property, they shall insert in the assessment roll the actual annual value thereof, which shall not exceed ten per cent. of the assessed value of the real property in which the business is carried on.

17. It shall be their duty in case several tenants occupy a property to specify on the assessment roll the names of such tenants or sub-tenants and the rent paid by each, or if, in their opinion, such rent does not represent or is disproportionate to the value of such tenancies or sub-tenancies, then they shall state upon the assessment roll the actual annual value thereof. In case of real property occupied by or in the possession of the owner, the assessors shall determine and enter upon the assessment roll the actual annual value thereof.

#### TIME AND MANNER OF ASSESSMENT.

The assessment shall be begun in the month of September in each year and shall be completed, made up and delivered to the City Council not later than the 15th day of March following.

The assessors before proceeding to the work of assessment shall be provided by the city with a sufficient number of blanks to form valuation books, ruled and headed throughout in the following form :

---

| Ward No. | Name of Person<br>Assessed. | Description and No.<br>of Real Property<br>Assessed. | Value. |
|----------|-----------------------------|------------------------------------------------------|--------|
| <hr/>    |                             |                                                      |        |
| <hr/>    |                             |                                                      |        |

---

The assessors shall enter the number of the ward in which the property assessed is situate in the first or left hand column, the name of the person, firm, estate or corporation assessed in the second, the street number or other description of the property assessed in the third, and the assessed value thereof in the fourth.

The assessors shall also make return of all persons, firms and corporations liable to the payment of business tax or special tax with the business or occupation of each.

As soon as the whole amount of real property on which any person, firm, estate or corporation is liable to assessment within any ward of the city is determined, the chief assessor shall serve or cause to be served a notice thereof stating the assessed valuation upon each person, firm, estate or corporation or on his or their agent, officer or clerk by delivering the same personally, or by leaving it on the property so assessed, or by mailing the said notice by registered letter.

The chief assessor shall also as soon as he shall have determined the business or occupation liable to the payment of business tax or special tax of each person, firm, or corporation serve or cause to be served notice thereof in the same manner as in the last preceding paragraph provided.

The notices in the last two preceding paragraphs provided for shall be in the form following:—

WARD No. ....

Name of person, firm, etc., assessed :

.....

Number street or other description of real property assessed :

.....

Assessed value of such real property :

.....

Business or occupation liable to business or special tax :

.....

Yearly rental or actual annual value of premises in which business is carried on :

.....

I hereby give you notice that the City Assessors, to the best of their judgment, have made the above valuation of your real property in Ward No. . . . of the City of Halifax, and the above estimate of your business or occupation, in respect of which valuation and estimate assessment for the year 18. . is to be levied.

If you wish to object thereto you are hereby notified to furnish me at my office in the City Court House, within fourteen days from this date, with a written statement under oath according to the form herewith served upon you.

To Mr. . . . . .  
Chief Assessor.

Halifax . . . . . day of . . . . . 18. .

The above notices are to bear date on the days on which they are respectively served or mailed. A notice shall be delivered in respect of each lot of real property owned by a person, firm, or corporation in each ward, and upon payment of the sum assessed in respect of any such lot the owner or person paying such sum shall be entitled to receive a receipt which shall operate as a discharge of such lot from any debt or lien in connection with the sum so assessed and rated thereon.

After service of the foregoing notice fourteen days shall be allowed to the parties to be rated, or their agents to furnish the assessor with a written statement under oath of their real property, and occupation liable to assessment in the following form :—

STATEMENT

FOR PURPOSES OF ASSESSMENT, CITY OF HALIFAX, 18

*Real Property, Actual Value.*

|      |   |       |
|------|---|-------|
| Ward | 1 | ..... |
| "    | 2 | ..... |
| "    | 3 | ..... |
| "    | 4 | ..... |
| "    | 5 | ..... |
| "    | 6 | ..... |

Business or occupation engaged in.....  
 Place or places within City at }  
 which said business or occupa- }  
 tion is carried on } .....  
 State if owner or tenant of such }  
 places, and if tenant give yearly }  
 rent } .....

*Affidavit.*

.....of the City of Halifax,  
 maketh oath and saith that the foregoing statement is in all  
 respects true, and that he is engaged in no business or occu-  
 pation or at any place within the city other than as therein  
 stated.

Sworn, etc.

Name of Appellant.

NOTE.—The foregoing is a draft of proposed changes in the  
 present law and would be in substitution for the present  
 Charter secs. 290-334. From that point on to the end of the  
 chapter, at sec. 420, only a few verbal changes would be re-  
 quired, and these can easily be made when once the substan-  
 tial part of the law has been approved.

The provisions respecting the collection of taxes on real  
 property would of course remain as they are. "Business tax"  
 and special tax could be collected in the same way as the tax  
 now imposed on personal property, viz.: by distress warrant,  
 and making them a first charge upon all the personal property  
 within the city of the persons liable to pay them.

Poll tax could be imposed on all not otherwise assessed, if it  
 is deemed desirable to retain that form of taxation; the com-  
 mittee, however, believe that the abolition of the present poll  
 tax and the substitution for it of a voluntary payment of \$3  
 by all persons not otherwise assessed, but who wished to pos-  
 sess a vote in city elections, would be a beneficial change.

## SECOND SCHEDULE.

### DRAFT OF SUGGESTED SPECIAL TAXES.

|                                                                                        |             |
|----------------------------------------------------------------------------------------|-------------|
| Insurance Companies, Fire, Life, Marine and Accident, not less than .....              | \$200 each. |
| Guarantee Companies.....not less than                                                  | 50 "        |
| Telephone Companies....."                                                              | 400 "       |
| Electric Light Companies, in full .....                                                | 1500        |
| Gas Company, in full .....                                                             | 4000        |
| Street Railway Company, in full .....                                                  | 2000        |
| Auctioneers .....                                                                      | 100 each.   |
| " Assistants.....                                                                      | 20 "        |
| Incorporated Companies, not less than \$100 business tax.....                          |             |
| Private Bankers, Brokers, Commission Merchants, etc., not less than .....              | 50 "        |
| Circuses, Theatres, etc, license fees as at present..                                  |             |
| Pedlers, Street .....                                                                  | 8           |
| " with carts .....                                                                     | 20          |
| Tug Boats, Water Boats, Excursion Boats, and other Steamers for hire.....not less than | 25          |
| Telegraph Companies....."                                                              | 250         |
| Cable Companies....."                                                                  | 50          |
| Commercial Agencies .....                                                              | 50          |
| Professional Men, for first five years in business, \$10; afterwards, \$25.            |             |
| Billiard Tables, Public.....                                                           | 10 each.    |
| " Club .....                                                                           | 20 "        |
| Bowling Alleys, Public.....                                                            | 25 "        |
| Cippi Boards, Public.....                                                              | 5 "         |



|                                                                                                      |          |
|------------------------------------------------------------------------------------------------------|----------|
| Pleasure Carriages for two horses .....                                                              | 20 each. |
| "        other, for one horse.....                                                                   | 5 "      |
| "        for hire, all kinds.....                                                                    | 4 "      |
| Vehicles, Butchers', Bakers', Grocers' and all other<br>Traders' not enumerated.....                 | 5 "      |
| Horses kept for pleasure.....                                                                        | 4 "      |
| "        "        working purposes.....                                                              | 3 "      |
| Hacks and Trucks, licenses as at present.....                                                        |          |
| Liquor, " .....                                                                                      |          |
| Junk Dealers, " .....                                                                                | 50 "     |
| Ice Carts .....                                                                                      | 10 "     |
| Milk Wagons .....                                                                                    | 10 "     |
| Dog Tax as at present.....                                                                           |          |
| Poll Tax on persons not otherwise taxed, to qualify<br>for Civic Elections, not compulsory, per head | 3        |

## THIRD SCHEDULE.

### STATEMENT OF INCOME DERIVED BY THE CITY FOR CURRENT YEAR UNDER PRESENT SYTSEM OF ASSESSMENT.

|                                                    |           |
|----------------------------------------------------|-----------|
| Real estate Assessment of 1891-92, \$15,058,000 at |           |
| 1.45 per cent .....                                | 218,341   |
| Personal Property, \$4,517,000 at 1.45 .....       | 66,946    |
| Banks .....                                        | 15,945    |
| Insurance Companies .....                          | 1,000     |
| Other incorporated Companies .....                 | 1,100     |
| Gas Company .....                                  | 4,000     |
| Hacks and Cabs, etc. ....                          | 1,500     |
| Liquor Licenses .....                              | 10,000    |
| Licenses, Marine Stores, Theatres, etc., etc. .... | 568       |
| " Auctioneers .....                                | 480       |
| Fines in Police Court .....                        | 4,500     |
| City Marshal's Fees .....                          | 650       |
| Dog Tax .....                                      | 500       |
| City Property rents .....                          | 3,000     |
| Interest .... ..                                   | 4,000     |
|                                                    | \$341,728 |

|                                                  |             |
|--------------------------------------------------|-------------|
| *Estimated value of Personal Property assessed : |             |
| Used for business purposes .....                 | 2,507,000   |
| " domestic " .....                               | 2,100,090   |
|                                                  | \$4,607,000 |

NOTE.—Of the above amount of \$66,946 received from personal property, only—

10 business firms contribute about one-fifth.  
20 " " " one-fourth.  
50 " " " nearly one-half.

In other words, fifty of the largest business firms contribute nearly one-half of the whole revenue derived from personal property.

APPROXIMATE ESTIMATE OF INCOME TO BE  
DERIVED UNDER PROPOSED SYSTEM OF  
ASSESSMENT.

|                                                                                                                     |           |
|---------------------------------------------------------------------------------------------------------------------|-----------|
| Real Estate (unchanged) say \$15,000,000, at 1.45 p. c.                                                             | \$217,500 |
| Business Tax (based on value of real property used<br>for business purposes only), as per Assessment                |           |
| Books, \$5,080,257 at 10 p. c. on yearly value, say<br>\$508,025 at 10 p. c. ....                                   | 50,802    |
| Banks as at present 3-8ths of 1 p. c. ....                                                                          | 16,143    |
| Insurance Co.'s, Fire, Life, Marine and Accident. ....                                                              | 12,000    |
| Guarantee Co.'s, 3 at \$50 each ....                                                                                | 150       |
| Telephone Co., 1 ....                                                                                               | 400       |
| Electric Light Co.'s (in full) 2 at \$1500 ....                                                                     | 3,000     |
| Gas Company (in full) ....                                                                                          | 4,000     |
| Street Railway Co. (in full) ....                                                                                   | 2,000     |
| Auctioneers, 8 at \$100 each ....                                                                                   | 800       |
| "    Assistants, 5 at \$20 each ....                                                                                | 100       |
| Incorporated Companies, not less than \$100 busi-<br>ness Tax ....                                                  | 1,000     |
| Private Bankers, Brokers, Commission Merchants,<br>etc., not less than (20) at \$50 each. ....                      | 1,000     |
| Circusses, Theatres, etc., License Fees ....                                                                        | 500       |
| Pedlars, Street, at \$8                    } say 50 averaging \$10 }<br>"    with carts, at \$20 {     each ..... } | 500       |
| Tug Boats, Water Boats, Excursion Boats, and other<br>Steamers for hire, 8 at \$25 each. ....                       | 200       |
| Telegraph Companies, not less than \$250 each (2)..                                                                 | 500       |
| Cable                   "                   \$50 " (2)..                                                            | 100       |
| Commercial Agencies,                   "                   \$50 " (2)..                                             | 100       |
| Professional Men, first five years of business at \$10;<br>subsequent years \$25 each, average. ....                | 3,000     |
| Billiard Tables, Public, 25 at \$10 each ....                                                                       | 250       |
| "    Club, 17 at \$20     "     .....                                                                               | 340       |
| Bowling Alleys, Public, 2 at \$25     "     .....                                                                   | 50        |
| Cippi Boards           "     10 at \$5     "     .....                                                              | 50        |

|                                                                                                          |           |
|----------------------------------------------------------------------------------------------------------|-----------|
| Pleasure Carriages for 2 horses, 20 at \$20 each.....                                                    | 400       |
| "          other, for 1 horse, 150 at \$5 each,                                                          | 750       |
| "          for hire, all kinds, 150 at \$4 each,                                                         | 600       |
| Vehieles, Butchers, Bakers, Grocers, and all other<br>trades not enumerated, 400 at \$6 each .....       | 2,400     |
| Horses kept for pleasure, 200 at \$4 each.....                                                           | 800       |
| "          "          working purposes, 1,000 at \$3 each,                                               | 3,000     |
| Hacks and Trucks, licenses as at present .....                                                           | 1,500     |
| Liquor,                    "          "          .....                                                   | 10,000    |
| Junk Dealers, licenses, not less than 5, at \$50 each.                                                   | 250       |
| Ice Carts, not less than 10, at \$10 each .....                                                          | 100       |
| Milk Wagons, not less than 50 at \$10 each .....                                                         | 500       |
| Dog Tax, licenses as at present .....                                                                    | 500       |
| Fines in Police Court as at present .....                                                                | 4,500     |
| City Marshal's Office Fees, as at present .....                                                          | 650       |
| City Property Rents, as at present.....                                                                  | 3,000     |
| Interest, as at present .....                                                                            | 4,000     |
| Poll Tax on persons not otherwise taxed, to qualify<br>for Civic Elections, not compulsory, 300 at \$3.. | 900       |
|                                                                                                          | <hr/>     |
|                                                                                                          | \$348,335 |

## APPENDIX.

[The following is reprinted from the *Ottawa Evening Journal* of Jan. 22nd, 1891, both as affording additional support to the Committee's report, and to show that the reform movement in Halifax is in line with the reforms in progress in other parts of Canada] :—

### THE BUSINESS TAX.

What is it ?

And what is the occasion which has given rise to it ?

These questions naturally suggest themselves to the readers of *The Journal* who have been following the proceedings of the City Council during the past few weeks. Naturally, we say, because any change in our system of municipal taxation, so sweeping as that proposed, should be sustained by very strong reasons to justify its agitation.

Some three or four weeks ago the desirability of adopting a "business tax" was brought up in the council by Ald. Henderson, and on motion was referred to the finance committee for consideration. The committee reported at the meeting held on the 12th inst., recommending that the system be adopted in Ottawa, and stating briefly the reasons which had influenced them in coming to this decision. On account, however, of some of the members of the council not being prepared—in view of the novelty of the subject—to pronounce upon it intelligently, the report was withdrawn for the present, but will most probably be re-introduced at an early date. In view of this position of the matter, we propose briefly to reply to the questions propounded, and shall deal with the second one first, viz: "What is the occasion which has given rise to the proposed tax?"

## THE OCCASION.

1. Briefly speaking, it springs from the present unsatisfactory condition of the law relating to the taxation of personal property and income. That taxation in some shape or form is inevitable, and that all benefiting by the expenditure of public moneys have a right to bear their fair proportion of its burdens, are principles admitted by all. The principles are sound, but their practical application from an equitable point of view is not so simple, as we know of no country in which the question has been satisfactorily settled, or in which great conflicts of opinion on the subject do not exist. In Great Britain, municipal taxation is levied on real property alone. The taxation of personal property has no existence there, and the income tax exists only for state purposes. This was not always the case. For some centuries the national revenue was raised entirely by a tax on personalty, but as the values of such property increased, as the nation became more wealthy, the system gradually became impracticable, until at length it was abandoned entirely, and now such a tax, either for national or municipal purposes, is unknown.

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In the United States and in Canada we follow a different system, and instead of being content to learn from the experience of the mother country, we are endeavoring to solve the problem of, "how best to levy municipal taxation," for ourselves. The result would seem to be, as admitted by all who have given careful attention to the subject, that no other conclusion can be come to but that arrived at by Great Britain years ago, that any system of taxation of personal property is impracticable. Impracticable because the property cannot be reached, and because the attempt to reach it gives rise to a system of fraud and deceit which is appalling to think of. The report of the municipal commission of Ontario does not exaggerate when it states—

"That the total amount which personal property and income contribute to the expenditure of a city does not compensate



for the enormous amount of falsehood and misrepresentation to which the taxation of that kind of property gives occasion."

The testimony is similar in any country in which this tax exists, and so totally inadequate is the value reached, in comparison with what should be obtained, that the best authorities on this subject, both in Canada and the United States, advise its entire abolition.

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It is believed that in cities the value of all personal property at least equals the value of real estate. In Great Britain it is said to be twice as great, and yet how is this borne out by our assessments? In New York the assessed value of personal property is less than one-fifth of that of the real estate. In Toronto, Hamilton and Halifax, the disproportion is about the same, while in Kingston and Ottawa it is very much greater, being nearly ten to one. In St. John, N. B., alone, is the peculiar spectacle presented of the assessed value of the personal property and income being greater than that of real estate. In view of these facts is it to be wondered at that all authorities on this subject should write as they do? Is it to be wondered that Henry George writes as follows:—

"Taxes on the products of labor, taxes which take the earnings of industry and the savings of thrift away have be-  
 gotten and always must beget fraud, corruption and evasion. All the penalties of the law—imprisonments, fines, tortures and death—have failed to secure their honest and equal collection. They are unjust and unequal in their very nature, always falling on the poor with greater severity than on the rich. Their collection always entails great waste and cost, increases the number of office-holders and the complexity of government, and compels interference with individual affairs; always checks production, lessens general wealth, and takes from labor and capital their due reward—the stimulus to productive exertion. Men naturally evade and resist them, and with the sanction of the moral sense even where their duller intellectual faculties are convinced that such taxes are right and beneficial in themselves. There may be protectionists who will not smuggle or undervalue when they get a chance, but I have never met them. There may be rich men who

make true return of their wealth for taxation, but they are very few."

Mr. David A. Wells, in a report to the New York Legislature, says:

"Oaths as a matter of restraint or as a guarantee of truth in respect to official statements, have in great measure ceased to be effectual; or in other words perjury, direct or constructive, has become so common as to almost cease to occasion notice."

His opinion also agrees with that of Mr. George when he states "that the richer a man is, the smaller in proportion to his property is the contribution he pays to the state." On the other hand, with respect to the income tax, it cannot be questioned that persons having fixed incomes and employees of large establishments, are generally assessed to the limit of their means allowed by law, while frequently the very employers from whom they receive their income, and professional men who earn and spend five or ten times as much, pay little or nothing.

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We might go on quoting, did space permit, many other authorities, all to the same effect, but have, we think, said sufficient to prove our assertion, that the system of personal property taxation is, to say the least, utterly impracticable and should be wiped out of our statute book with as little delay as possible. To quote one more authority, Prof. Ely says:

"Although our system of taxation is in the face of it fair and simple, it is found in practice to be an unpracticable theory, for a large portion of property escapes taxation, and that the property of those best able to bear the burdens of government, namely, the wealthy residents of cities. . . . it is impossible to find this property, and to force men to make returns under oath results invariably in perjury and demoralization without discovery of property." And again the same authority writes: "The tax never has worked well in any modern community or state in the entire civilized world, though it has been tried thousands of times and although the mental resources of able men have been employed to make it work well."

As a remedy for this state of things Prof. Ely advises that the entire system of taxation of invisible property be abandoned and in its stead a business tax based upon property values be imposed.

#### THE TAX.

II. This brings us to our first question, namely, "What is a business tax?"—which we will now endeavor to answer. It is not an experiment, having been in existence for years both in Montreal and Quebec, and having been found to work most satisfactorily.

In Montreal the tax is  $7\frac{1}{2}$  per cent. on the annual rental, and there is no such thing as assessment of merchandise or intangible property or income in any shape. It is levied upon all hotel or tavern-keepers, brewers, distillers, merchants, traders, manufacturers, banks, bankers, brokers, or money lenders, auctioneers, grocers, bakers, butchers, railway, telephone, telegraph, insurance, steamship companies, managers of theatres; or generally on all trades, manufactures, arts, occupations and professions. Banks pay a specific amount according to paid up capital. The tax on gas companies, insurance, telegraph and telephone, is also specific. So also with regard to the street railway, which pays a tax of \$12,000. On hotels it is also specific, upon a graduated scale, according to the rental of the premises. As stated, the system is found both in Montreal and Quebec to work most satisfactorily, and we understand that real estate owners make no complaint against it, because they realize that it assists the business of the city, and thereby enhances the value of their property.

With the experience of these cities before us there can be no reason to doubt that it would prove equally efficacious in Ottawa. The law bearing on this subject was passed at the last session of the Provincial Legislature, acting on the strong recommendation of the municipal convention held in Toronto in November, 1889. It came into operation on the first of the present month as a permissive measure, which any municipality may accept by passing a by-law to that effect. Its pro-

visions are very simple, but as the law at present stands are only applicable to persons carrying on a mercantile business. It gives power to the council of the municipality to substitute in place of the present personal property tax, a business tax in lieu thereof. Such business tax being levied on the annual value of the premises in which the business is carried on, at a rate not to exceed  $7\frac{1}{2}$  per cent. on such annual value. It also provides for the manner in which the annual value is to be arrived at, namely, by taking the assessed value of the premises and charging the same with 7 per cent. Thus, supposing the council has decided to impose 5 per cent. as a tax to be levied in Ottawa. Given the assessed value of the premises, say \$1,000, multiplied by 7, equals \$70, which must be accepted as the annual value. The tax being 5 per cent., \$70 by 5 equals \$3.50, which would be the annual business tax on all premises assessed at \$1,000. On premises assessed at \$5,000 the tax would be in the same ratio, namely, five times \$3.50, or equal \$17.50, and so on according to valuation.

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The above appears to us to be a very fair way in which to obviate the difficulties insuperable to the present system, and is certainly well worthy of a trial. Indeed, the present system is so utterly and radically unsatisfactory, that we can hardly conceive of any alteration which would not be for the better, and we sincerely trust that when this matter again comes before the council, it will decide to put a new law into operation at as early a date as possible.

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There are several reasons which suggest themselves as valid grounds on which to adopt the new system :—

- 1st. It will greatly simplify the work of the assessors.
- 2nd. It will put an end to the inquisitorial inquiries which under the existing law they are compelled to make.
- 3rd. It will distribute the burden of taxation much more equitably than is or can be done at present, and on account of its wide distribution it will fall so lightly in its operations as to be very slightly felt.

4th. It is a step in the direction of abolishing the taxes upon the products of labor and thrift, and placing them upon the basis of land values, upon which alone in our opinion taxes should be imposed.

To our mind the drift of public opinion is rapidly tending in this direction, and the single tax theory of Henry George particularly, in relation to municipal taxation has much to commend it. We conceive that no one can with justice controvert the truths expressed by him in a recent publication, as follows :

"Taxes on income are unjust in nature and cannot be collected fairly. Taxes on bequests and inheritances are also unjust in nature, and would soon be evaded when large amounts were involved. But the tax on land values has pre-eminently the elements of justice. It takes from the individual not in proportion to his needs or to his energy, industry or thrift, but in proportion to the value of the special privilege he enjoys. It can be collected with a maximum of ease and certainty and with the minimum of cost. Land lies out of doors. It cannot be hid or carried off. Its value is always more definitely known than other value, and a little sign on every lot stating size, owner, and assessed value, would enable public opinion to check the assessment."

Let us have the business tax, and we trust that before long the legislature will see its ways clear to extend its operation to such an extent as will enable all other classes to benefit by it instead of being confined as at present to the mercantile community alone.

## APPENDIX.

### REPORT OF THE SUB-COMMITTEE OF FINANCE TO THE FINANCE COMMITTEE OF THE OTTAWA CITY COUNCIL.

GENTLEMEN,—Your Committee appointed to consider the question of introduction of a business tax ; upon persons carrying on a mercantile business in the Municipality, under the provisions of an amended Municipal Act of 1890, in substitution for the ordinary tax upon personal property, beg to report that they have given the subject careful consideration, and

have also advised with the Assessment Commissioner, Mr. Pratt, and the Hon. Mr. Bronson.

Your Committee are unanimously of opinion that the introduction of such a tax is highly desirable for the following amongst other reasons :

1. It will greatly simplify the work of the assessors.
2. It will do away with the personal property tax on the mercantile community, which is so objectionable on account of its inquisitorial character and the impossibility of applying it equitably.
3. It will distribute the burden of taxation over a large number who are not now reached relieve many unduly burdened, and generally prove a more equitable system than exists under the operation of the present law.

At the same time your Committee are of the opinion that the Act as it at present stands is capable of improvement in so far as it is limited in its operation to the mercantile classes. They are of opinion that it would be advantageously improved by making it more comprehensive, so as to include other classes besides the ones specified, such as the "Arts," "Professions," etc.

To accomplish this, however, would require an amendment by the Legislature, and to secure this your Committee would recommend that a conference of representatives of the cities of Ontario be invited to consider and discuss the matter. Such a conference could be readily procured during the next session of the Local Legislature, and your Committee have no doubt that any conclusions arrived at and recommendations made by them would receive favorable attention from that body.

Meantime, your Committee would recommend that the Act be accepted for the present as far as it goes and that a By-law be at once introduced for the purpose of giving effect to its provisions.

JOHN HENDERSON, *Chairman.*

A. MACLEAN.

JAMES GORDON.



